

Dear SEC Staff,

I applaud your efforts to prevent fraud and protect investors. However, the proposed changes to 17 CFR 240.15c2-11 would have the opposite effect. The proposal would cause a permanent and immediate loss in the market value of many so-called "dark" companies, harming retail investors. In addition, this rule would encourage many smaller reporting companies to "go dark" and cease making information publicly available.

If enacted, this proposal would induce brokerage firms to prohibit the purchase of affected securities, effectively preventing any transactions from taking place. Anticipating this, investors would attempt to liquidate their holdings before the change takes effect. Given the extreme illiquidity of these securities, retail investors would incur serious losses.

After the effective date of the amendments, trading liquidity would vanish. Rather than protect shareholders, this would give management carte blanche to exploit shareholders, safe in the knowledge that the amendments close activism and other avenues of recourse to investors. Absurd salaries and adversarial principal-agent relations are depressingly common among unlisted firms, and the measures outlined would exacerbate an already lamentable state of affairs.

A further effect of this rule would be to engender a wave of delistings and deregistrations. As it is impossible for shareholder activists to accumulate stakes in companies without the ability to purchase shares, this proposal shields the managers of dark companies from accountability, attracting those with perverse motivations. The magnitude of such a movement is difficult to predict, but I believe that it would be substantial.

As stated in File S7-14-19,

"The proposed Rule would require that issuer information relied upon by a broker-dealer be current and publicly available in order for a broker-dealer to publish or submit a quotation for that security."

"This proposed amendment is intended to help retail investors by encouraging corporate insiders to make publicly available current information about the company."

I wholeheartedly favor receiving timely financial statements. However, controlling executives often feel differently, and a shareholder's only recourse is frequently to buy a significant stake and take the company to court, hoping that the recovery from the investment exceeds court costs. The proposed amendment would give bad actors what they want: freedom from all responsibility.

The SEC quite reasonably assumes that the officers of dark companies are diligent and faithful stewards, acting in good faith for the benefit of shareholders. This assumption is mistaken. Whether through ignorance, apathy, or nefarious intent, a majority do not act in the interests of shareholders, and those who do care little for the trading liquidity of their holdings.

Lawrence J. Goldstein of Santa Monica Partners LP summarized the situation aptly in his comment regarding the proposed amendments:

"I believe all 3 [of these dark companies] would like nothing better than their stock prices to not be quoted. The SEC would actually be abetting the desire of these companies to 'hide the ball' by

essentially eliminating trading in such securities, not to mention stranding the many investors who own such 'dark' OTC securities.”

Many financially vigorous, profitable companies with strong community reputations trade in the Pink No Information, Grey Market, and Caveat Emptor tiers of the market. The role of OTC Markets as gatekeeper poses a problem: categorization is not based on the level of disclosure by a company, but by the quantity of fees remitted to OTC Markets Group Inc., and whether disclosure is disseminated through otcmarkets.com. Though I take no issue with OTC Markets Group’s attempt to earn an attractive return for its shareholders, the method used creates an insoluble barrier to the proposal’s implementation.

Many dark companies post financial statements to the company website, or mail financial statements directly to shareholders. Impreso, Inc. is an example of such a company: it has consistently posted quarterly reports on its website since its deregistration. Unless a bounty of at least \$5,000 is paid, OTC Markets classifies these companies as “not able or willing to provide disclosure to the public markets”, despite open communication with shareholders. Since broker-dealers rely exclusively on the representations of OTC Markets in determining whether non-SEC filers publish adequate financial information, hundreds of companies in good standing will be harmed, and shareholders will suffer. This fate can only be averted by the abandonment of the suggested modifications to 17 CFR 240.15c2-11.

As stated in File S7-14-19,

"The proposed amendments are intended to better protect retail investors from incidents of fraud and manipulation in OTC securities, particularly securities of issuers for which there is no or limited publicly available information."

While this a noble aim, the means are flawed. Fraud and manipulation plague public markets, and nowhere are these blemishes more conspicuous than in the microcap and OTC space. Such defects cannot be eliminated by a mere rule, and are sadly endemic. Consequences should fall upon the perpetrators, not the victims. Investors should not be restricted from freely transacting their shares.

"How might the proposal positively or negatively impact investor protection, the maintenance of a fair, orderly, and efficient OTC market?"

The repercussions of the proposal would include: The elimination of the market for shares of dark companies, catastrophic losses for the predominately retail shareholders, decreased transparency, decreased availability of basic financial information, increased executive compensation among newly dark companies, and a hastened shift in manipulative activity from unlisted securities to listed penny stocks. In the aftermath, numerous minority buyouts will likely take place at egregious valuations, as corporate fiduciaries exploit the collapse to the detriment of shareholders.

I implore you retract your proposal to amend 17 CFR 240.15c2-11 to block the “Publication or Submission of Quotations Without Specified Information”. Though well-intentioned, it would precipitate disastrous losses for retail investors, fail to reduce manipulation, and abet unscrupulous stewards in milking dark companies for their own benefit. I estimate that the total value destruction would exceed \$400 million in the first year of the proposal’s implementation. I ask you to consider several alternative measures:

Aggressively step up enforcement against pump-and-dump schemes in both listed and unlisted microcaps, and prosecute offenders to the fullest extent of the law. If serious penalties are imposed on a few swindlers, many more will be deterred.

Intensify your current efforts to educate retail investors about the risk of fraud in microcap securities.

Require retail brokers to warn inexperienced investors attempting to execute trades in listed penny stocks or unlisted dark companies that a) sensational promotions of penny stocks and OTC securities lead to average investor losses of greater than 70% b) many penny stocks represent failed or nonexistent companies with precarious financial positions c) investors should not invest where financial statements cannot be found to verify that a company has a solid financial position

Promote the enforcement of the various state laws requiring books and records to be made available to shareholders, cooperating with other governmental entities as necessary.

Streamline the process of bringing the officers of dark and private companies to account, cooperating with other governmental entities as necessary.

Create a simplified standard of reporting for companies with less than a specified level of sales, market capitalization, or assets.

I trust that you will make the right decision.

Respectfully yours,

Braxton Gann